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IIIA-0304
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24 May 1961

MEMORANDUM FOR: Acting Chief, DPD-DD/P

SUBJECT: Budget, FY 1962 and 1963

1. This Staff has complied with the request made at the Staff Meeting 23 May 1961 pertaining to the review of subject budget.

2. The only area of uncertainty at this point has to do with the number of U-2's to be converted to U-2C's during the budget periods concerned. This would be in addition to the one conversion which is currently in the Activity Program stage and would involve FY 61 funds. This conversion figure could vary between [redacted] The latter figure would represent a total comp [redacted] in the Project. Attached is a breakdown of the various approaches to the problem on which the foregoing figures are based.

3. In order to resolve for budgetary purposes the future of the U-2 (U-2 vis-a-vis U-2C) a policy decision will be required.

4. It is the recommendation of this Staff that in addition to the one conversion referred to in paragraph 2 above which would be accomplished out of FY 61 funds, that three additional conversions be accomplished over the period of the next two fiscal years. This would then provide the Project with a minimum capability in four separate areas. It is further recommended that the procedure in accomplishing the conversion of three U-2's referred to above be an initial conversion of the first of the three aircraft and the necessary parts for two additional, should it be desired to spread such a conversion over the two fiscal years. Otherwise, by setting up to do all three on a production line basis would constitute a saving of approximately \$50,000.

5. This Staff will emit a decision on the foregoing matter prior to any firm budget submission in the Lockheed area.

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[redacted]
Chief, Materiel Staff
DPD-DD/P

Concur in recommendation, paragraph 4 above:

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SIGNED

Chief, Special Projects Branch, DPD-DD/P

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